

26th February 1986

To:- Mr. M. H. Pelley

From:- Mr. G. Jilson

Re:- Teslin Explorations coal leases at Carmacks

Pending your satisfaction that Carmacks coal is no longer of interest to Curragh, I would agree with the recommendation to terminate this option. E.M. surveys over part of this land give a response similar to that over the area of the Carmacks North pit. This suggests the possibility that a local structural complication similar to that at the pit may be present. Most of the land covering this anomalous E.M. response has already been relinquished but a small part remains on the Teslin leases.

If we were in the business of exploring for Carmacks North type coal deposits two of these leases would be of interest. On the basis of South Carmacks coals high ash content and unsuitability for use at Faro, I believe this target is not worthy of testing and concur with the proposal return of the property to the vendor.

I believe section 14 of the original option agreement precludes the possibility of simply dropping the leases. I calculate that the moneys owing to Teslin Exploration would be \$3806.40 as outlined below.

commitment	50,000	
advance work	10,788	
lease rentals	13,836	(ie. \$3459. on 1st Jan/1983, 84, 85 & 86) ✓✓✓✓
total shortfall	\$25,376	↓

15% = \$3806.40.

87  
88

→ 89

*Chp Jil*

25 376  
 - 2 x 3 459 (6918)  
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 18 458

15% of \$2768.70 → Testin

18518      18431

2777.70      2764.65

25 376  
 6918  
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 32 294